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DEVELOPMENT AND INTERNATIONAL CO-OPERATION

Multilateral development assistance for  
the exploration of natural resources

Report of the Secretary-General

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
I. INTRODUCTION . . . . .	1 - 4	2
II. ASSESSMENT MISSIONS IN THE FIELD OF NATURAL RESOURCES EXPLORATION AND DEVELOPMENT . . . . .	5 - 8	3
III. UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION. . . . .	9 - 11	4
IV. TRANSFER OF TECHNOLOGY . . . . .	12 - 20	5
V. WORLD BANK . . . . .	21 - 23	8

## I. INTRODUCTION

1. In its resolution 32/176, the General Assembly requested the Secretary-General to prepare, with the assistance of an intergovernmental group of high-level experts, a report containing conclusions and recommendations on the following:

(a) An estimate of the financial requirements over the next 10 to 15 years for the exploration and location of natural resources in developing countries which indicate their interest to the Secretary-General;

(b) The availability of multilateral mechanisms for the provision of adequate finance for the exploration of natural resources with special reference to the availability of soft loans with an element of subsidy for developing countries, bearing in mind, inter alia, the special needs of the least developed, land-locked and island developing countries and the most seriously affected among them;

(c) The availability of mechanisms for the transfer of technology to developing countries for the exploration and exploitation of natural resources.

2. In accordance with the mandate given to him and on the recommendation of Governments of Member States, the Secretary-General appointed a Group of Experts on Mineral and Energy Exploration in Developing Countries to assist in the analysis of these critical issues. The Group met at United Nations Headquarters from 17 to 21 April and from 10 to 21 July 1978. The report of the Group of Experts was presented to the General Assembly at its thirty-third session (see A/33/256, annex). The Secretary-General also forwarded a note verbale to Member States requesting them to indicate their interest in the assessment of their financial needs for exploration over the next 10 to 15 years. In response to the Secretary-General's communication, 28 Governments of developing countries 1/ indicated a desire to have such an assessment of their financial requirements for mineral and energy resources exploration.

3. In its resolution 33/194 of 29 January 1979, the General Assembly, inter alia:

(a) Took note of the report of the Secretary-General on multilateral development assistance for the exploration of natural resources;

(b) Requested the Secretary-General to organize and undertake, in co-operation with the Administrator of the United Nations Development Programme, missions to developing countries that so request to assist in the assessment of the needs of those countries in the field of natural resources exploration and development, including an estimate of the costs involved, taking into account the proposals made in paragraph 13 of his report (A/33/256), and to report to the General Assembly at its thirty-fourth session on the progress achieved in this undertaking;

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1/ Argentina, Bangladesh, Barbados, Benin, Bhutan, Botswana, Chile, Egypt, El Salvador, Ethiopia, Ghana, Guatemala, Guyana, India, Jamaica, Kenya, Malawi, Malta, Mauritania, Morocco, Nicaragua, Oman, Philippines, Rwanda, Sri Lanka, Swaziland, Uganda and Upper Volta.

(c) Requested the Economic and Social Council, in consultation with the Governing Council of the United Nations Development Programme, to consider the advisability of adjusting the operating procedures of the United Nations Revolving Fund for Natural Resources Exploration, taking into account the views in paragraphs 87-92 of the report of the intergovernmental Group of Experts on Mineral and Energy Exploration in Developing Countries and the basic principles of the Fund;

(d) Invited the World Bank to explore ways in which its activities in financing natural resources could be made increasingly responsive to the needs of developing countries, and to examine whether new approaches would be useful, taking into account the views set out by the intergovernmental Expert Group in paragraphs 80 to 84 of its report and bearing in mind the sovereignty of States over their natural resources;

(e) Decided, in light of the importance for developing countries of the transfer of the technologies required for natural resources exploration and exploitation, that the Committee on Natural Resources and the United Nations Conference on Trade and Development review the recommendations concerning the transfer of technology in the natural resources field;

(f) Requested the Secretary-General to keep developments in the field of exploration and development of natural resources under review, and to submit to the General Assembly at its thirty-fourth session, a report on the experience gained in the activities mentioned in this resolution.

4. The present report is prepared in response to resolution 33/194. It describes the experience gained in the activities mentioned in that resolution, namely, (a) missions to assess the needs of the developing countries in the field of natural resources exploration and development; (b) the advisability of adjusting the operating procedures of the United Nations Revolving Fund for Natural Resources Exploration; (c) a review concerning the transfer of technology in the natural resources field; and (d) the activities of the World Bank.

## II. ASSESSMENT MISSIONS IN THE FIELD OF NATURAL RESOURCES EXPLORATION AND DEVELOPMENT

5. In August 1979, 16 countries 2/ had completed and returned the questionnaire. The information from these questionnaires, together with the data available within the Department of Technical Co-operation for Development, will provide the background material to be used by the technical missions mentioned earlier.

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2/ Argentina, Benin, Botswana, Chile, Egypt, Ghana, Guatemala, Guyana, Jamaica, Malawi, Mauritania, Oman, Philippines, Rwanda, Sri Lanka and Uganda.

6. On the same date, 8 countries 3/ had requested missions to assist them in making an assessment of their needs in the field of mineral and energy resources exploration and development, including an estimate of the costs involved. The terms of reference for these missions, as outlined in the draft project document sent to the requesting Governments, require the members of the mission (a) to review the information available at United Nations Headquarters, including the questionnaire submitted by Governments; (b) to review the information available within the requesting country and make an assessment of the ability of the country to accommodate exploration programmes having regard to the existing capacity of the mining and energy sectors, and to determine the availability of trained and experienced national personnel, together with the Government's development objectives; and (c) if desired by the Government, to identify specific projects for improvement of geological survey or other elements of the geoscientific data base as well as for prospecting and follow-up work, either in minerals or energy.

7. The assessment missions will be carried out by experts in mineral and energy exploration and development. Generally, the missions to each country will be of approximately three weeks duration.

8. Since the General Assembly at its thirty-third session did not make provision for financing the missions to requesting developing countries and in view of the unavailability of additional resources from UNDP, interested Governments were compelled to resort to the use of their country allocations of the indicative planning figures (IPF) where feasible, to finance the missions called for by the Assembly. Thus, out of 28 developing countries expressing an interest, only 8 countries were able to formally accept such missions by utilizing their scarce IPF funds. Under these circumstances, the General Assembly at its thirty-fourth session may wish to consider ways in which financing could be made available to enable interested developing countries to avail themselves of the opportunity to have their natural resources exploration requirements assessed in accordance with the recommendation of the Assembly.

### III. UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

9. The Group of Experts on Mineral and Energy Exploration in Developing Countries considered three types of possible change in the operations of the Revolving Fund:

(a) Changes in procedures and rules, or in financial arrangements;

(b) Horizontal expansion to such fields as geothermal energy and petroleum exploration;

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3/ Egypt, El Salvador, Ghana, Malawi, Mauritania, Philippines, Swaziland and Upper Volta.

(c) Vertical expansion, either backward to reconnaissance survey work of geoscientific data collection, or forward to feasibility studies, and pilot plant operations.

The recommendations of the Group of Experts, and the comments of the Administrator were presented to the Governing Council of the United Nations Development Programme in DP/368 of 3 April 1979.

10. The Committee on Natural Resources, at its sixth session in June 1979, considered the report of the Group of Experts and recommended to the Economic and Social Council that the Secretary-General should appoint a group of experts to review the activities of the Revolving Fund and to assist the Council in its review of the Fund's functions, institutional arrangements and repayment system. Shortly thereafter, the Governing Council of UNDP considered the same report of the Group of Experts, and cognizant of the discussions of the Committee on Natural Resources, adopted a resolution similarly worded, recommending the appointment of a group of experts to advise on the activities of the Revolving Fund.

11. Based on the recommendations of the Committee on Natural Resources and of the Governing Council of the UNDP, the Economic and Social Council adopted resolution 1979/65 of July 1979, in which it:

(a) Decided to establish a working group of government experts to review and analyse the activities of the United Nations Revolving Fund for Natural Resources Exploration, in order to assist the Economic and Social Council in carrying out a comprehensive review of the functions, institutional arrangements and repayment system of the Fund;

(b) Invited the Secretary-General, in consultation with the Administrator of the United Nations Development Programme, to appoint members of the working group, having due regard to the principle of equitable geographical distribution;

(c) Decided that the report of the working group should be submitted to the Economic and Social Council through the Governing Council of UNDP and the Committee on Natural Resources; and that the Governing Council of UNDP should continue as the governing body of the Fund until the completion of the 1981 review of the Fund's operations.

#### IV. TRANSFER OF TECHNOLOGY

12. The Group of Experts on Multilateral Development Assistance for the Exploration of Natural Resources recommended that:

(a) In view of the constraints imposed by the shortage of technical personnel in the resource area, high priority should be given to establish technical institutions in the developing countries in order to facilitate the transfer of technology, and to creating national geological survey organizations;

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- (b) In the field of direct training, high priority should be given to:
  - (i) Establishment of regional training centres for broad range of skills related to both energy and mineral resource areas;
  - (ii) Training students of developing countries in other developing countries as well as in the industrialized countries;
  - (iii) Measures to increase the number of trained people putting their skills to use in field work, as well as administration, in accordance with national employment policies;

(c) Primary reliance in the transfer of technology should continue to be placed on joint ventures and other foreign co-operation arrangements, but with the United Nations system assisting developing countries as required in setting training and institutional objectives and in co-ordinating bilateral assistance;

(d) An appropriate framework should be devised to co-ordinate assistance activities. Within this framework, a central role should be played by the Committee on Natural Resources or any other machinery assisting the Economic and Social Council in this field at the intergovernmental level and by the Centre for Natural Resources, Energy and Transport of the Department of Technical Co-operation for Development within the United Nations system.

13. The question of transfer of technology was considered by the Committee on Natural Resources at its sixth session at which it was pointed out that transfer of technology had been a matter of long-standing concern to the Committee. Within the United Nations system, questions of a legal and economic nature concerning technology transfer were largely the responsibility of UNCTAD, while assistance in the acquisition of technical skills in developing countries and the adaptation of technology to meet local requirements fell within the responsibility of the Centre for Natural Resources, Energy and Transport, which has been organizing a number of UNDP-assisted training courses, seminars, symposia and workshops as well as the technical co-operation projects mentioned later in this report through which transfer of technology was being effected.

14. The United Nations Conference on Trade and Development was active in two broad fields relating to the transfer of technology: (a) improving the environment for such transfer, which was primarily a legal question, and (b) strengthening the capacity of the developing countries themselves to formulate technology policy. In the legal field, there have already been two sessions of a negotiating conference to draft a code of conduct for the transfer of technology, and in a resolution adopted at its fifth session UNCTAD requested the Secretary-General of UNCTAD to convene a resumed session in 1979; serious issues remain to be resolved, however, including the question of whether the code should be a binding document.

15. In addition, UNCTAD has been seeking revision of the industrial property system, through revision of the Paris Convention for the Protection of Intellectual Property. A negotiating conference on this topic has been called for February 1980 under the auspices of the World Intellectual Property Organization.

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Among its activities in strengthening the capacity of developing countries, UNCTAD carries out a programme of studies, deliberations with governments on appropriate technology policies, and advisory services. Among relevant studies in the resources field is a recent UNCTAD publication on "Energy supplies - issues in the transfer of technology".

16. By a resolution adopted at its fifth session, UNCTAD called for expert meetings on technology transfer in various sectors, including energy, to be held before its sixth session. Over the past three years, UNCTAD has undertaken advisory and training programmes for Governments, as well as for regional institutions in Latin America, Western Asia, Africa and Asia and the Pacific, primarily in legal and economic fields, and not in matters of engineering or practical applications of technology.

17. There was agreement in principle at the Committee on Natural Resources with the Group of Experts' expression of the desirability of the co-ordination of assistance in technology transfer as well as with the desirability of assistance by the United Nations. However, the need for assistance and the determination of what technology was appropriate were matters for Governments themselves to decide.

18. With regard to co-ordination of assistance of the United Nations system, the Group of Experts pointed out that there were many agencies involved and that it would be wise to await the decisions of the United Nations Conference on Science and Technology for Development which was held in August 1979. The need for some co-ordination of the activities of the United Nations system was, however, endorsed by the Committee.

19. Most technical assistance projects carried out by the United Nations system are designed to facilitate the transfer of technology by training, both on the job and through formal courses, by institution building and by advisory missions. In the minerals field, for example, institution building projects are under way in countries such as Pakistan (strengthening of the Geological Survey), and the Dominican Republic (institutional strengthening of the Bureau of Mines).

20. Similar objectives are the subject of workshops, seminars and other meetings. Recent examples are the United Nations Symposium on State Petroleum Enterprises in Developing Countries, held in Vienna from 7 to 16 March 1978; the Interregional Symposium on Development Progress and Technological Options in Developing Countries, held at Lomé from 21-26 May 1979; the Seminar on the Development Potential of Precambrian Mineral Deposits, held in Moscow from 1 to 15 August; and the United Nations Symposium on World Coal Prospects to be held in Katowice, Poland, from 15 to 23 October. Plans for 1980 and 1981 include seminars and workshops on geochemical exploration methods, legal aspects of natural resources development, international river basin development, industrial and technical co-operation in the utilization of renewable energy sources, petroleum exploration geology, and the United Nations Conference on New and Renewable Sources of Energy, which is to be convened in 1981.

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## V. WORLD BANK

21. In its annual report for 1978, <sup>4/</sup> the World Bank outlined a programme calling for an expansion of lending in the development of the fuel and non-fuel mineral resources of member countries. The report states that "in the near term, the Bank expects to assist in the financing of two to three major projects a year" in the non-fuel minerals sector, and "to double this number as soon as the demand for minerals has revived".

22. The Bank's role would be that of a catalyst in helping "prepare projects and provide assistance at an early stage" and "provide assistance to developing countries in determining their resources, in planning a strategy for resource exploitation, and in obtaining technical expertise to design, implement and operate mining ventures".

23. The World Bank's programme to accelerate petroleum production in the developing countries is outlined in a study (E/1979/93) prepared in accordance with General Assembly resolution 33/19<sup>4</sup> and submitted to the Economic and Social Council at its second regular session of 1979. The Bank's assistance is foreseen to cover (a) national energy planning, (b) loans or credits for pre-development activities, and (c) lending for mineral fuel production.

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<sup>4/</sup> World Bank, Annual Report 1978.